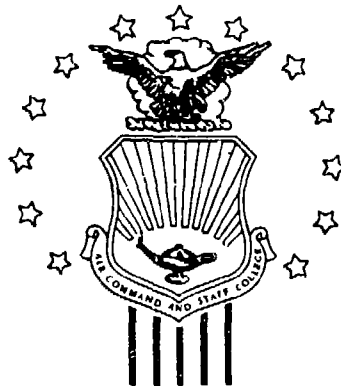


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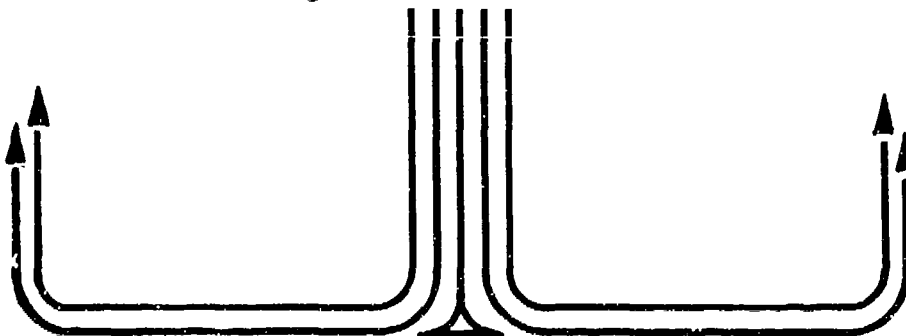


STUDENT REPORT

PILOT RETENTION--A "GRAY" ISSUE?:
THE IMPACT OF AIRLINE HIRING
OF RETIREMENT ELIGIBLE PILOTS
ON AIR FORCE LEADERSHIP

MAJOR BILLY J. KOPPE 88-1280
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OF AIRLINE HIRING OF RETIREMENT ELIGIBLE PILOTS
ON AIR FORCE LEADERSHIP

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Submitted to the faculty in partial fulfillment of
requirements for graduation.

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<p>> In the last three years the major airlines have relaxed their rigid standards for employment to include age, vision, height, weight, education, and flying experience. As a result, literally every Air Force pilot currently qualifies for employment, and the major airlines are aggressively recruiting the Air Force's most experienced pilots. The study determines an increasing number of retirement eligible pilots are leaving the Air Force, some even turning down promotion to colonel, to pursue a career in the civilian airline industry. The study concludes that this trend will have a negative impact on the number of quality pilots who remain on active duty beyond the 20-year point to fill critical command and staff duties. Retention of the Air Force's most experienced pilot corps is a critical personnel issue.</p>					
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PREFACE

During the late 1970s Air Force pilots left the service in record numbers as pilot retention rates dropped to the lowest in history. The Air Force suffered a tremendous loss of mid-career pilots, many separating in hopes of flying with the airlines. The economic recession in the early 1980s brought rising fuel costs and a general industry slowdown, and the airlines cut back considerably in their search for potential pilots. As a result, the Air Force pilot retention rates steadily climbed back up to some of the highest in history by 1983. In the late 1980s the airlines again began hiring many Air Force pilots, not only to meet the demands of industry expansion, but also to replace an ever-increasing number of airline pilots reaching mandatory retirement age. The traditional source of experienced pilots, military pilots in the 6-11 year group and civilian regional and commuter pilots, was no longer sufficient to meet the large demand. In the face of a shortage of experienced pilots meeting rigid standards of employment, the major airlines lowered their requirements to include almost every Air Force pilot nearing retirement or already retired. Today the airlines are actively recruiting the most experienced veterans in the Air Force. With this in mind, the purpose of this study is to identify the increasing number of retirement eligible pilots separating from the service in pursuit of flying with the airlines as a new and serious personnel problem. Also, it determines that the exodus of these veterans will impact on the number of quality pilots remaining on active duty to man key command and staff positions. Further, it offers some recommendations that senior Air Force leaders should initiate in order to more accurately track this new occurrence. It is not intended to offer solutions to the current pilot retention issue.

I wish to acknowledge the support of several people who without their help this project could not have been completed. Undoubtedly, the best source of information was Major Stanley Stevens. Stan's supply of retention data from the USAF Military Personnel Center was invaluable. I also express my appreciation to Major Frank Sizemore, who sponsored this study, and was also very helpful in supplying pilot retention information. A great deal of thanks goes to my advisor, Major Steve Hansen, who kept me on track throughout the project and provided invaluable feedback and suggestions.



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ABOUT THE AUTHOR

MAJOR BILLY J. HOPPE

Major Billy J. Hoppe came on active duty in 1975 receiving his commission through Officer Training School. After serving three and one-half years as a missile launch officer, he attended undergraduate pilot training at Laughlin AFB, Texas. Major Hoppe earned his pilot wings in 1979.

Major Hoppe has an extensive operational, training, evaluation, and staff background in the Strategic Air Command. After initial qualification training in the Titan II missile weapon system, he served as a squadron and wing evaluator in the 390th Strategic Missile Wing at Davis-Monthan AFB, Arizona. Following pilot training and initial qualification training in the KC-135A, he was assigned to the 340th Air Refueling Group at Altus AFB, Oklahoma. He served as a squadron copilot, standardization/evaluation copilot, and squadron aircraft commander. In 1983 he was assigned to the 376th Strategic Wing in Okinawa, Japan. He held various jobs during this tour including Flight Commander, Emergency Actions Controller, and Chief of Training Flight.

Major Hoppe graduated from Texas A & M University in 1974 with a BBA in Marketing. He earned an MS in Education in 1986 from the University of Southern California. He has completed Squadron Officer School by correspondence and in-residence. He has also completed Marine Command and Staff College and Air Command and Staff College by correspondence.

Major Hoppe is a senior pilot with 500 instructor hours and 2300 total hours of flying time in the T-37, T-38, KC-135A, and KC-135Q aircraft.

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EXECUTIVE SUMMARY



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"insights into tomorrow"

REPORT NUMBER 88-1280

AUTHOR(S) MAJOR BILLY J. HOPPE, USAF

TITLE PILOT RETENTION--A "GRAY" ISSUE?: THE IMPACT OF AIRLINE HIRING OF RETIREMENT ELIGIBLE PILOTS ON AIR FORCE LEADERSHIP

I. Purpose: To identify the increasing number of Air Force pilots who have retired to seek employment with the airlines as a new and significant personnel issue.

II. Problem: Pilot retention in the Air Force has decreased steadily over the last few years as the airline industry has expanded and an ever-increasing number of airline pilots reach mandatory retirement age. The traditional source for the airlines to recruit new pilots, the mid-career military pilots and civilian regional and commuter pilots, has not been able to satisfy this demand. In 1986 the major airlines began to relax their rigid qualifications for new employees in such areas as age, vision, height, weight, education, and flying experience. These "softened" requirements made nearly all Air Force pilots qualified for employment with the airlines, including those near or beyond retirement eligibility. As a result, every major airline began to recruit the Air Force's most experienced pilots. Many of these officers would have previously remained on active duty beyond 20 years, been

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promoted, and served in critical leadership positions in a flying unit such as wing commander, deputy commander, or division chief. They might have also held a key headquarters staff position. Instead, an increasing number are electing to retire, some even turning down promotion to colonel, to pursue a new career with the airlines. Consequently, a smaller number of quality pilots are available to fill critical command and staff duties.

III. Findings: Data in this report supports several observations and trends. First, there has been a noticeable increase in both the total number and percent of pilots retiring from the Air Force in the past three years. These increases coincide directly with the increased number of retired military pilots hired by the major airlines. Also, two conservative estimates indicate at least one in six Air Force pilots retiring in 1986 and 1987 was hired by the airlines. With airline pilot retirements expected to increase threefold over the next ten years while the supply of experienced pilots to replace them decreases, the one in six estimate may decrease considerably as the airlines continue to search for experienced pilots to fill these vacancies.

There is some thought that airline hiring of retired military pilots will benefit the Air Force by relieving some pressure on airline recruiting from the 6-11 year group and assisting in mandatory reductions in force structure by enticing some late-career "non-promotables" to retire. Although this may be partially true, estimates are there will be more airline jobs available from projected airline pilot retirements alone over the next ten years than can be filled by qualified pilots. This indicates the retention problem will not only continue with the mid-career pilot but will become and remain an equal concern with the retirement eligible pilot even if there is no expansion in the industry.

Even more importantly, data collected indicates there is an increasing number of quality Air Force pilots retiring. Although it is impossible to directly relate this trend to airline hiring practices without personal information from each retiree, this increase is also coincidental with the lowering of airline qualifications. For example, in FY 1986 when the major airlines first began to hire retired military pilots, 11 Air Force pilots turned down promotion to colonel to retire instead. In only the first quarter of FY 1987, 11 pilots turned down promotion to colonel, and the "pin on" for that year group has not yet begun. Undoubtedly, others will

CONTINUED

follow when the FY 1987 promotion list commences. These are quality officers who cannot be easily replaced. The decreasing number who remain on active duty will adversely affect the manning of future Air Force leadership positions.

IV. Recommendations: Further detailed studies should be conducted to determine the actual number of pilots choosing to retire in hopes of flying with the airlines instead of remaining on active duty to "run" the Air Force. Then the impact of losing these late-career pilots can be better assessed and corrective measures taken. It is further recommended that this important segment of the pilot corps not be overlooked in any forthcoming initiatives that are directed toward pilot retention.

Chapter One

INTRODUCTION

BACKGROUND FOR THE STUDY

"People are our most important asset. Without them we can't fly and fight" (23:7). These words should sound familiar to any Air Force person. Simple though the words may be, they reflect the concern Air Force leaders from the Pentagon to the flightline should have for their people. This statement implies if the Air Force takes care of its people, they are content and the mission is accomplished more effectively.

No matter how sophisticated and technical the military arsenal becomes, it will always need the human element to operate, maintain, command, and control the hardware. The aviation career field is a perfect example of the human element and the hardware working in harmony. Pilots continually train, simulate, and exercise in the projection of their highly expensive and technically complex weapon systems toward accomplishing their assigned mission.

This process is the most expensive operation in the Air Force, and a fully trained and mission ready pilot is one of the most expensive and valuable human assets in the inventory. In fact, an experienced, mission-ready "flight lead" fighter pilot has about six million dollars invested in his training (23:1). Economically, it would seem sensible for the Air Force to retain as many pilots as possible, thereby reducing the need and cost for training replacements. In addition, if the mature pilot is retained, he/she will continue to gain valuable experience a less seasoned replacement can only accumulate through additional flying time (24:3). In the interim, a critical experience void exists between the veteran and the new pilot replacement. This is an oversimplification of a very complex phenomena, however, the author presents it to familiarize the reader with the dilemma that the Air Force faces in its pilot corps today.

SIGNIFICANCE OF THE PROBLEM

Pilot retention has been a critical problem for the Air Force on several occasions, with retention rates directly tied to several indicators. The health of the outside economy has always been a prime factor. A more prosperous economy generates more civilian jobs and lowers the retention rates for the Air Force. This is true for nearly all career fields in both the officer and enlisted ranks (24:viii). Pilot retention rates are also closely related to the status of the civilian airline industry. As indicated in Table 1 (28:1), as late as 1979 when the airline industry went through an expansion process, pilot retention rates decreased proportionally as the airline industry demand for civilian pilots increased (25:1).

<u>FISCAL YEAR</u>	<u>PILOT RETENTION (%)</u>
1979	26
1983	78
1984	72
1985	59
1986	56
1987	48

Table 1. Pilot Retention Rates

As the airline industry faltered in the early 1980s, pilot retention rates climbed to the highest in Air Force history (12:6). Retention rates remained high until 1985 when the airline industry flourished again under government deregulation and continued expansion. By the following year the airlines were heavily involved in recruiting military pilots (31:--), and pilot retention rates plummeted. With civilian hiring projected to increase to unprecedented levels through 1992 (32:--), the Air Force pilot retention problem has once again become a critical personnel issue.

DEFINITIONS, ASSUMPTIONS, AND LIMITATIONS

One important term, Cumulative Continuation Rate, must be defined in order to standardize retention figures presented in this study. The Cumulative Continuation Rate is the percent of officers who, at the end of their initial obligation, would complete their 11th year if current rates continue, computed on a 12 month basis (28:1). For example, a 70 percent Cumulative Continuation Rate for Air Force pilots in the 6-11

year group means that for every 100 pilots entering the sixth year of commissioned service, 70 would complete the eleventh year if current rates remain the same.

Several assumptions have been made in the formulation of this research project. First, it must be assumed that the current method of computing pilot retention by the Cumulative Continuation Rate of the 6-11 year group is an accurate indicator of present pilot retention. Second, projections for the future are based on current economic conditions and factors in the aviation industry. There is always the possibility of an unanticipated economic downturn or change to FAA regulations (such as the current mandatory retirement of civilian pilots at age 60) that might invalidate these projections.

An assumption was also made in the analysis of airline hiring of retired Air Force pilots presented in Chapter Five. Information from the fourth quarter of 1987, traditionally a conservative quarter for airline hiring (35:--), was used as the basis to compute the total number of retired Air Force pilots hired during that calendar year.

Some limitations apply in order to narrow the scope of this study. First, only retirement eligible Air Force pilots are considered in this project. Second, the Cumulative Continuation Rate, generally the most common method used to compute pilot retention (33:--), only focuses on the 6-11 year group. It does not apply to pilots outside these parameters. Third, there is limited data available pertaining to retention of pilots beyond the 6-11 year group, especially those of retirement age. In fact, the Air Force Military Personnel Center (AFMPC) does not actively monitor retention figures on retirement eligible pilots (33:--). However AFMPC does retain data on pilot populations by year groups beyond 20 years and the associated number who retired.

PREVIOUS RETENTION STUDIES

Numerous studies have been conducted to determine why pilots elected to voluntarily separate from the Air Force. Most of these studies have focused on the retention of the 6-11 year group.

There are several reasons why previous surveys concentrated on the 6-11 year group. First, due to the active duty service commitment associated with undergraduate pilot training, pilots were ineligible to separate prior to the six-year point. Second, promotion to major usually occurs at around the eleven-year point in a career. If promoted at this time, the majority remained on active duty until retirement (24:3). Third, and probably a more important reason was "due

to the age at which this occurs, 32-34, the window of opportunity for airline employment was essentially closed because pilots at this stage of their military career were too old to meet hiring requirements of the airlines" (27:6).

OBJECTIVES

The major objective of this study is not to present possible solutions to current and future pilot retention problems. Instead, it is to identify what the author believes will soon be a new problem in the retention circle, retention of the retirement eligible Air Force pilot. The real problem for the Air Force will come when the airlines hire so many pilots from the "over 20" year group that it begins to impact on the availability of quality career pilots who would have previously remained on active duty to man key command and staff positions. The focus of this study is not on the traditional 6-11 year group but on the pilot who has remained on active duty until the 20 year point and is eligible to retire. Now because of unforeseen circumstances the veteran pilot is a prime candidate for employment with the major airlines after retirement from the military should he/she choose to pursue this unique opportunity (27:7).

OVERVIEW

This chapter introduced the pilot retention problem and addressed the traditional approach of monitoring retention rates in the mid-career year group. Chapter Two discusses growth in the civilian airline industry and the corresponding increased demand for commercial pilots. Changes to the basic requirements for airline employment to meet this increased demand and the resulting inclusion of most retirement age Air Force pilots in this group is the subject of Chapter Three. Chapter Four compares some of the opportunities for the pilot who remains on active duty beyond 20 years versus the pilot who retires at the 20 year point to pursue an airline job. Chapter Five analyzes current data concerning airline hiring of retirement eligible pilots and concludes that the increasing number of pilots retiring to seek airline employment will adversely affect the number of quality pilots who remain on active duty to perform critical command and staff duties. In Chapter Six, the author presents recommendations to better monitor this new phenomena.

Chapter Two

THE CIVILIAN AIRLINE INDUSTRY

GROWTH IN THE INDUSTRY

The airline industry has undergone some drastic changes in the last ten years. Strict government control was relaxed in 1978 when Congress deregulated the airlines and allowed the basic economics of supply and demand to set the tone for the industry (30:199). Without government controls, the resurgent economy that followed shortly after deregulation permitted the industry to rebound soundly from the recession of the early 1980s. Throughout the mid-1980s, the major airlines continued to recover from past years of low passenger rates and high fuel costs by building up their fleets, flying more routes, and offering lower fares (1:84). At the same time, mergers and acquisitions of smaller and less financially sound carriers by the larger and fiscally stronger major carriers resulted in an overall stable industry. By 1986, the airlines had become a very strong organization of five or six major carriers, financially sound, and in the middle of record industry growth (31:--).

As healthy as the industry became in the late 1980s, the future appears even more prosperous. "Since 1982, passenger miles . . . increased 54 percent" (1:84), and conservative forecasts predict world air travel will continue its upward trend, doubling between now and the year 2000 (20:71). To compensate for this increase in air travel the commercial carriers further increased the size of their fleets, continued to expand available routes, and increased the utilization of their aircraft from eight hours a day to ten hours or more (16:100).

THE AIRLINE PILOT SHORTAGE

Airline industry growth and increasing pilot retirements have created a tremendous demand for new airline pilots. In the past, with few exceptions, the larger carriers met this demand from the "supply pool" of pilots previously furloughed, from the smaller commuters, and from the military. "Since the mid-1960s, there has been an ample supply of both civilian and

military trained pilots for the airline cockpit jobs" (15:28). However, as early as 1985 airline officials were predicting this supply was no longer endless.

A pilot shortage? Sure looks like it. If you look at the . . . forecasts, . . . there will be some steady industry growth. Then you look at the hiring to support [this] growth, and you project it out to include increased retirements and attrition, and one could, within a year, find a shortage (6:33).

A more recent study proved this prediction to be on target. "The airline pilot market has moved from heavy oversupply to acute shortage as the industry has pulled out of recession" (20:71). Not only is there a current shortage but estimates are that the annual US need for airline pilots will continue to increase through the turn of the century. Table 2 indicates the Future Aviation Professionals of America (FAPA) estimates for US large turbojet demand for the next ten years (27:5).

<u>YEAR</u>	<u>GROWTH</u>	<u>RETIREMENT</u>	<u>TOTALS</u>
1988	1520	955	2475
1989	1496	1086	2582
1990	1067	1377	2444
1991	350	1279	2259
1992	1277	1647	2924
1993	1332	1860	3192
1994	1214	2105	3319
1995	1242	2137	3379
1996	1133	2413	3546
1997	987	2425	3412
TOTALS	12248	17284	29532

TABLE 2: Airline Pilot Demand

Several key points need to be emphasized from these figures. First, retirement of airline pilots will more than double over the next ten years. Even if FAA regulations were changed to extend mandatory retirement beyond the current age of 60, FAPA indicates "more airline pilots are taking early retirement and the few who would fly beyond age 60 would not be a significant factor in overall demand" (16:100). Second, this ten year projection indicates the tremendous growth in the industry. In fact, the airlines estimate they will hire more pilots in the next ten years than in the entire history

of the aviation industry (31:--). Also, in every year the airlines anticipate hiring more pilots than are produced in the entire Air Force undergraduate pilot training program (13:3). By 1992 retirements alone will exceed the Air Force new pilot output. In other words, the airlines could conceivably hire every military pilot who wants to leave the service. Finally, the economics of supply and demand that have so often come to the Air Force's aid to contend with previous low retention rates will more than likely not benefit the military in the near future. Kit Darby, FAPA Vice President/Marketing, summarized the weakened effect of economics on pilot needs for the future:

In the past, when there was an economic downturn, the airlines would stop hiring for expansion, and in some cases, would furlough pilots. In the future, with an economic decline, the demand for pilots will not drop to zero, but will be at a higher level because of the higher number of retirements (16:97).

Just as the demand for pilots steadily increased over the last few years and is projected to continue an upward trend for the next decade, the supply of qualified pilots to fill these vacancies gradually dwindled. A combination of a slump in sales of small, general aviation aircraft that has been the backbone for training student pilots, an eight percent annual decrease in the number of people learning to fly, and the total recall of all furloughed pilots drastically reduced the number of experienced civilian pilots available to the airlines (16:99). Over the same period, a decline in Air Force pilot output resulted in fewer military pilots available for airline employment. Undergraduate pilot training production remained less than 2000 pilots per year during the early 1980s, and the output is projected to stabilize at just over 1600 pilots per year through the early 1990s (29:2).

The general picture emerging in the late 1980s is a severe pilot shortage exists in the United States. "Pilots looking for jobs with major airlines [are] well aware of the situation and [are taking] advantage of what . . . [has] turned into a seller's market" (14:145).

Chapter Three

CHANGES TO AIRLINE PILOT HIRING PRACTICES

THE NEED FOR CHANGE

The buyer's market the airline industry enjoyed throughout the late 1970s and early 1980s changed in less than ten years to one of extreme competition among the individual carriers for the limited supply of experienced pilots to fill the ever-increasing number of flight decks. Continued industry expansion and a steady rise in retirement of current airline pilots created vacancies that could not be filled with pilots meeting the rigid physical and professional standards of the trade. The two traditional sources, the military and the regional/commuter work force, were "raided for aircrews" during the initial years of the hiring surge (20:72), and there was no other source to tap for seasoned pilots.

"SOFTENING" THE REQUIREMENTS

With the current pilot shortage projected to only get worse, the industry reevaluated its very strict qualifications in order to increase the supply pool to account for the unprecedented rise in demand. As a result, some very major changes took place regarding the physical and professional requirements for prospective employees. Requirements were relaxed for age, vision, height, weight, education, and flying experience.

As late as 1980, pilot hiring standards were nearly identical for all the major carriers. A prospective employee could be no older than 30-32 years, had to meet rigid height and weight standards, had to have uncorrected 20/20 vision, required a college degree, and had an average of over 2500 hours of jet flying time (16:97). There were exceptions to the rule, but they were rare (32:--).

By 1986 almost all the airlines had uniformly relaxed their hiring standards to include a vastly different looking pilot recruit. It was not unusual for a new pilot to be over 40 years old (6:36), have corrected 20/20 vision (14:148), have less than 4 years of college (16:99), and under 1000

hours of jet flying time (15:29).

This stereotype represented only the more common lowering of hiring restrictions for the major carriers. More extreme cases are becoming the norm.

When Air Force Colonel Glenn Young retired earlier this year [1987] . . . after 29 years of military service he didn't believe "there was a chance in the world of going [to work] with an airline." . . . Today, Young, 52, is a flight engineer on United Airlines 727s out of Chicago, earning \$23,000 on top of his military retirement. In two years, he expects to move up to copilot at substantially more pay. He'll hold that job until he has to retire again, this time at age 60 (1:83).

Acceptable visual acuity is now as low as 20/200 corrected to 20/20, and minimum flying time is as little as 800 hours (17:22).

These "softened" requirements now include almost every retirement eligible pilot in the Air Force who is physically qualified for flight status. As a result, the commercial carriers are actively recruiting this large new supply pool. "Although American Airlines was the first major carrier to hire retired military pilots just over a year ago [1986], now virtually every major carrier hires retired military pilots" (29:1).

Chapter Four

COMPARISON OF ACTIVE DUTY AND RETIREMENT OPPORTUNITIES

The retirement eligible pilot, previously having no other option to fly for pay except in the military, now has the opportunity of seeking civilian aviation employment after retirement. "'Ten years ago, the airlines told me I was too old', says James Isenhour, now 42, who retired from the Air Force as a fighter pilot in December [1986]" (1:83). Isenhour is just one example of how the airline industry has begun to compete directly with the Air Force for its most experienced pilots. Several hundred Air Force pilots have retired in the past two years and are now flying with the airlines (32:--). Undoubtedly, there are many others, some who are current or future Air Force leaders, weighing the pros and cons of flying with the airlines instead of remaining in the service after 20 years.

To better understand the dilemma facing the military pilot, it may be best to review a simple comparison of opportunities between remaining on active duty beyond 20 years and retiring in search of an airline job.

REMAIN ON ACTIVE DUTY

The Air Force pilot remaining on active duty beyond 20 years must consider such general issues as promotion opportunities, pay and benefits, and active duty service commitments. For promotion, the pilot will compete for lieutenant colonel and/or colonel under the highly competitive "up or out" system. If promoted, he/she will probably be moved out of a flying job, or at least to one where flying is secondary. If not promoted, however, he/she can still remain on active duty until mandatory retirement. In a nutshell, competition for primary zone promotion to lieutenant colonel is at the 60-65 percent selection rate and to colonel is at the 40-45 percent selection rate (36:--). At the same time in the pilot's military career, flight pay decreases to the point that after 25 years of aviation duty he/she receives no flight pay (21:2-19). In effect, the military pilot gradually accepts a \$400 per month pay cut to remain on active duty and compete in a statistically uphill battle for promotion.

Family stability becomes another issue. If a veteran pilot gets promoted, certain binding commitments are attached. For example, the average commitment for a newly selected colonel is about five years. This includes the average 18 month to two year wait for "pin on" of the rank, and then a three year active duty service commitment required in order to retire at that rank (22:6.2,7). Essentially, they are contracted for at least five more years in the Air Force. During this five years they and their family are subject to the standard permanent change of station orders. However, at this stage in their career, the family may be "entrenched" in the local community. High school and/or college age dependents and a career-oriented spouse may be reluctant to uproot and move again. Even the pilot's own uneasiness of being committed to the Air Force for five more years becomes a key factor (33:--). This new tendency to retire immediately at the 20 year point of service has become known in some personnel circles as the "20-20" syndrome. This infers some pilots are retiring after "20 years and 20 seconds" in the Air Force (32:--).

RETIRE AND FLY

The other option for the retirement eligible pilot is to retire at the 20 year point and pursue a civilian airline career. In this case, he/she collects military retirement, flies with the airlines, and supplements the retirement check with equal or greater pay from their civilian airline employer (even under the less lucrative two-tier pay system that many airlines are now operating under) (27:9-21). Opportunity for employment is much higher than promotion opportunities in the Air Force. "Assuming that the pilot can pass the medical, and has the Airline Transport (ATP) and Flight Engineer (FE) written, the probability of initial hire with a major carrier is in excess of 95 percent (some industry experts would say greater than 99 percent)" (27:7).

A Strategic Air Command paper prepared for senior ranking officers to provide them with current information about pilot retention issues summarized the changes in airline employment opportunities over the past decade. "Ten years ago there were 6.5 pilots eligible to separate for every airline hire. In 1986 there were 2.7 hires for every pilot to separate" (34:--). In other words, where before the AIRLINES could choose from among 6.5 pilots to fill a single airline job, today the PILOT can choose from among 2.7 airline vacancies to find a flying position.

Pay and fringe benefits with the airlines are at least comparable to remaining on active duty. In the case of American Airlines, the first major carrier to hire retired Air

Force pilots, first year pay for a Boeing 727 Flight Engineer is \$1800 per month, increasing to \$3225 per month for a second year DC-9 First Officer, and rising to \$7140 per month as a Boeing 727 First Officer with ten years employment (18:4). First year salary alone is almost enough to supplement military retirement pay to equal active duty pay. After the first year of airline employment, the comparison slants heavily toward retirement supplemented with airline pay.

Other opportunities include free or reduced rate airline travel (2:24), complete medical and dental plans for the entire family, and loss of license insurance paid by the employer (18:29). Another benefit for the pilot is the chance to "fly 75-85 hours per month in a schedule ranging from 8 long work days to 17 short days per month, depending upon seniority and type of aircraft flown" (18:27).

In the past two years there have been trends indicating some of the choices made by retirement eligible Air Force pilots who faced this dilemma. There has been an increase in the number of Air Force pilot retirements, percentage of retirements, and the number of pilots who have turned down promotions to retire. A detailed analysis of this information is presented in Chapter Five.

Chapter Five

ANALYSES AND CONCLUSIONS

ANALYSES

Over the last several years there have been some trends to support the author's contention that heavy airline recruiting of retirement eligible pilots will adversely affect the number of quality people who remain on active duty to man critical command and staff positions. Table 3 depicts an Air Force Military Personnel Center summary of recent retirement eligible pilot populations and retirements by fiscal year (29:1).

<u>FY</u>	<u>*ELIGIBLE POPULATION</u>	<u>RETIREMENTS</u>	<u>PERCENT</u>
85	1740	512	29
86	2021	592	29
87	2315	751	32
88	2425	873(est)	36
* Pilots with 20 years or more of total active federal commissioned service.			

Table 3: Retirement Eligible Pilots

Since 1986, there has been a steady increase in both the number and percentage of pilots who retired. "As of 31 October 87, there were 427 FY88 pilot retirement requests in-system. This compares to the 367 FY87 requests that were in-system one year ago (16 percent increase)" (29:1). These increases coincide with the gradual relaxing of hiring restrictions started in 1985 as the major carriers began to hire retired military pilots (10:4).

Although the retirement eligible pilot population has progressively increased each of the last four years, a reflection of the large Vietnam-era year groups reaching

retirement age, this trend will reverse by the early 1990s as the much smaller post-Vietnam year groups reach retirement age (26:--). Yet, this is precisely the time when analysts predict the greatest demand for airline pilots as depicted in Table 2.

There is no accurate method to determine exactly how many retirement eligible Air Force pilots actually separated from the service with the primary reason of seeking employment with the airlines. However, FAPA, of which 58 percent of airline pilots hired are members (17:29), does have some information available from which some possible conclusions may be drawn. A FAPA followup survey of recently hired airline pilots includes biographical data about each new hire. Included in the biography are such things as age, hiring airline and crew position, type of aircraft, a breakdown of total flying hours, background (military, civilian, corporate, etc.), and primary aircraft flown prior to employment. By linking age (over 41) and previous flying experience (solely Air Force aircraft), it can be assumed that the person is recently retired from the Air Force. Table 4 reflects a summary of FAPA-associated new hires by the major and national airlines for the last calendar quarter of 1987 (7:26-29; 8:24-25; 9:26-27).

<u>MONTH</u>	<u>TOTAL NEW HIRES</u>	<u>RETIRED AIR FORCE</u>
Oct	69	14
Nov	50	8
Dec	33	3
TOTALS	152	25

Table 4: FAPA New Hires

In analyzing the information, the 25 retired Air Force pilots hired during the quarter represent about 17 percent of the total FAPA members hired. Although the number may seem small, emphasis should be placed on the fact that these are Air Force only retirees. Also, the fourth quarter is a traditional "slow down" time in airline hiring. "Now their big hiring months are May, June, and July" (4:4). Consequently, using this fourth quarter data to determine annual rates should yield conservative estimates.

Using the fourth quarter statistics of 25 retired Air Force pilots hired by the airlines as a constant rate for the previous three quarters, the total number hired in 1987 would be 100. Realizing that FAPA serves only about half the pilots

hired by the major airlines with the remaining pilots hired independent from the professional placement service (17:29), the total number of retired Air Force pilots hired in 1987 may be nearly twice this estimate, or about 200. This 200 represents over 27 percent of the 751 pilots who retired in 1987.

FAPA screening reports of the major airlines over the last two years further support this analysis.

In 1986 and 1987 the majors hired 223 retired Air Force pilots who were FAPA members, with the majority being hired in 1987. In fact, 25 percent of all pilots hired by Pan American Airways were retired Air Force and associated with FAPA. There was certainly a number of other retired Air Force pilots not associated with FAPA who were hired during this time, but FAPA does not track these totals (35:--).

The 223 FAPA-associated pilots represent almost 17 percent of the 1343 Air Force pilots who retired in 1986 and 1987 as shown in Table 3. Again, emphasis should be placed on the fact that FAPA provides only about half the pilots to the major airlines, and the total from all sources is certainly higher.

CONCLUSIONS

Some significant conclusions can be drawn from these analyses. Both conservative estimates show at least one in every six (17 percent) Air Force pilots who retired in the last two years was hired by the airlines. Since some major carriers only began hiring retired military pilots as late as mid-1987 (32:--), there is a probability the one in six ratio will decrease further in the next few years as more data is accumulated over the long term.

As alarming as the ratio may appear, the Air Force response is this phenomena should be encouraged to continue to assist mandated personnel cutbacks over the next several years and to ease the pressure from airline recruitment from the traditional military source, the 6-11 year group (3:12). Additionally, there is a prevailing opinion that these over-40 pilots retiring for airline jobs are not filling key positions in the Air Force and are not competitive for promotions (34:--).

The author offers data reaching an opposite conclusion. Pilots who are not only competitive for promotions but also have been selected for promotion to colonel have turned down the rank to retire instead. Prior to the mid-1980s this number was not a personnel concern because it was so small it

was considered insignificant. However, the number has become a Commanders' Interest Item in the past two years as it has shown a sharp increase. In fiscal year 1987, 11 pilots turned down promotion to colonel with the normal procedure being for the pilot to wait until his promotion line number was due before initiating retirement paperwork. There was quite a change in the first quarter of fiscal year 1988. In only three months 11 pilots initiated paperwork to turn down promotion to colonel, the total for the entire previous year. A further significant finding was this happened even before the fiscal year 1987 promotion list had started, indicating more negative replies will be processed once the promotion list is initiated (34:--).

These officers cannot be replaced. Their potential for future command positions, such as wing commander or deputy commander for a flying unit, base commander, or headquarters staff officer is likewise irreplaceable. True, there will always be the "hard chargers" who wish to remain on active duty regardless of outside opportunities, but there are others who might consider a second career as a long-term security option that cannot be overlooked.

This data indicates the current situation. As discussed earlier, airline opportunities in the future only appear brighter. If the ever-increasing demand for airline pilots continues as forecast, the ratio of one in six Air Force pilots retiring for an airline job may indeed fall to unrecoverable levels.

Chapter Six

RECOMMENDATIONS

The worldwide pilot shortage is real. It is a well known and documented projection the demand for well-trained, highly qualified pilots for the airline industry is only going to get greater. It is equally well recorded the normal pilot supply chain, i.e. the military, regional, and corporate flight departments, is no longer adequate (19:7).

The author has several recommendations to help identify the potential for the increasing loss of some near-term leaders. First, further studies should be conducted to more closely monitor this relatively new phenomenon. Retirement exit surveys or retirement employment update questionnaires should be revised to better track this information and make predictions more accurate. Also, the Air Force should work more closely with the commercial carriers and pilot placement organizations, such as FAPA, to gain data required to better analyze the impact of the pilot hiring boom on the retention of retirement eligible pilots for the foreseeable future. Finally, senior Air Force leaders must be made aware of the certain potential to lose a significant number of quality veterans who would have until recently remained on active duty beyond 20 years. This most experienced segment of the pilot corps must not be overlooked in any forthcoming pilot retention initiatives.

In the last bout with low pilot retention in 1978 and 1979 when rates dropped to all-time lows, "the services lost billions of training dollars and immeasurable losses of combat pilot experience" (11:1). During that same time only the 6-11 year group was the focal point of airline recruiting. Now a decade later in the current environment of low pilot retention the retirement eligible veteran is an equal prime target for the airlines. The trend lines all point to a repeat of the late 1970s, but this time around the Air Force has the chance to lose twice. It may not only lose many mid-career future leaders but it can also lose many late-career current leaders.

THE CHOICE

The Air Force has sometimes been criticized for reacting to problems of pilot retention instead of acting on these issues (24:5). The same potential exists in the situation with retirement eligible pilots. The loss of quality career pilots to "early retirement" is a new and unique problem that did not exist even three years ago. With the airlines actively recruiting retired military pilots, these pilots are now victims of circumstance. They have two career options: continue with their military career, or choose a new career in the airlines.

THE CHALLENGE

The choice is not just the pilot's. A choice must also be made by the Air Force. Can the Air Force afford to let these highly trained veterans leave in record numbers, leaving fewer qualified people to fill commanders' slots? The answer is a resounding "No"! After all, "retaining our experienced people takes a combination of personal commitment from them and a strong commitment to them on our [the Air Force's] part" (5:108). In the next few critical years this statement will take on an entirely new meaning for the Air Force and its retirement eligible pilot corps. The challenge lies ahead. Will the Air Force act or react?

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